

Outpatient PPS outlier policy

ISSUE: In addition to considering an update recommendation for the outpatient PPS, MedPAC will consider one distributional issue: the outlier policy. At issue is whether the outpatient PPS needs an outlier policy.

KEY POINTS:

- The outpatient PPS currently has an outlier payment policy that applies to almost all services.
- The services provided under the outpatient PPS are generally narrowly defined (e.g., a diagnostic test or a clinic visit) and have low payment rates.
- Services that are narrowly defined and inexpensive, such as x-rays and electrocardiograms, received a larger share of the outlier payments than more complex and higher cost services.
- On a claim-level basis, those services that might be expected to have relatively high outlier payments, such as emergency visits and major procedures, did not.
- Urban hospitals received a greater share of outlier payments compared to their overall payments than their rural counterparts did. Teaching hospitals and for-profit hospitals also received larger shares of outlier payments.
- Distribution of outlier payments among individual hospitals varied considerably, with most hospitals accounting for a small share of outlier payments and a few hospitals receiving a relatively large share.

ACTION: Commissioners should provide feedback on the draft chapter text. A draft recommendation will be presented at the January meeting.

STAFF CONTACT: Chantal Worzala (202-220-3718)